



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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June 2, 2011

Steve Campbell, Executive Director
Peter & Paul Community Services, Inc
1025 Park Avenue
St. Louis, MO 63104

RE: Peter & Paul Community Services, Inc. (Project #2011-AHC07)

Dear Mr. Campbell:

Enclosed is a report of the fiscal monitoring review of Peter & Paul Community Services for the period January 1, 2010 through December 31, 2010. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of Peter & Paul Community Services. Fieldwork was completed on April 28, 2011.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the Affordable Housing Commission (AHC) to provide fiscal monitoring to all grant sub-recipients.

If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Sincerely,

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Angela Morton Conley, Executive Director, Affordable Housing Commission



CITY OF ST. LOUIS

AFFORDABLE HOUSING COMMISSION (AHC)

**PETER & PAUL COMMUNITY SERVICES, INC.
CONTRACTS #19-10G AND 47-10G**

**FISCAL MONITORING REVIEW
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**

PROJECT #2011-AHC07

DATE ISSUED: JUNE 2, 2011

**Prepared By:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
AFFORDABLE HOUSING COMMISSION (AHC)
PETER & PAUL COMMUNITY SERVICES, INC.
FISCAL MONITORING REVIEW
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**

TABLE OF CONTENTS

Description	Page(s)
INTRODUCTION	
Background	1
Purpose	1
Scope and Methodology	1
Exit Conference	1
Management's Response	1
SUMMARY OF OBSERVATIONS	
Conclusion	2
Status of Prior Observations	2
Summary of Current Observations	2
DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANGEMENT'S RESPONSES	3

INTRODUCTION

Background

Contract Name: Peter & Paul Community Services, Inc.

Contract Numbers: 19-10G and 47-10G

Contract Periods: January 1, 2010 through December 31, 2010
February 1, 2010 through January 31, 2011

Contract Amounts: \$235,000 and \$80,000

The contracts provided funds from Affordable Housing Commission (AHC) to Peter & Paul Community Services (Agency) to assist individuals with transitional housing. The funds benefit homeless men earning 20% of the St. Louis City area's median income or below.

Funds from contract 19-10G were used for personnel and direct program cost for the Agency's Transitional Housing Program, which serves as many as 60 homeless men in the City of St. Louis. Funds from contract 47-10G were used for personnel and medical support staff at the Labre Center for mentally ill homeless men.

Purpose

The purpose of the review was to determine the Agency's compliance with federal, state, and local AHC requirements for the period January 1, 2010 through December 31, 2010, and make recommendations for improvements, as considered necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grant administered by AHC. Evidence supporting the reports the Agency submitted was tested and other procedures were performed, as considered necessary.

Exit Conference

The Agency was offered the opportunity for an exit conference on May 24, 2011, but the Agency declined.

Management's Response

Management's response to the observation and recommendation identified in the report was received from the Agency on June 1, 2011. The response has been incorporated into the report.

SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with local AHC requirements.

Status of Prior Observations

The Agency's previous fiscal monitoring report, Project #2006-AHC09, issued August 8, 2006, contained the following observations:

- The Agency request reimbursement for expenses which exceeded contract limits **(Resolved)**
- The Agency requested reimbursement for payroll expenses not defined in the contract **(Resolved)**

Summary of Current Observations

Recommendations were made for the following observation, which if implemented, could assist the Agency in fully complying with local AHC requirements.

- Opportunity to improve controls in documenting client eligibility

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

Opportunity To Improve Controls In Documenting Client Eligibility

Internal Audit Section reviewed the Agency's clients list; certification, and intake forms to determine whether clients served were eligible under the terms of the contracts. A sample of fifteen and five client forms, respectively for contracts 19-10G and 47-10G, were selected for review of income and residence requirements.

Client intake forms under contract 19-10G included the clients' income and last St. Louis City address. The clients certified the information by signing the forms and the forms were also signed by an Agency staff member. However, it was noted that one client's income under contract 9-10G exceeded the 20% income restriction for eligibility.

Section 27 of the contract requires funds benefit clients earning 20% of the St. Louis median income or below and be a St. Louis City resident. Also, AHC may demand the Agency to repay the funds not spent in accordance with the contract.

It appeared the Agency did not establish adequate controls to ensure client eligibility was properly reviewed. IAS was informed that the Agency misunderstood the income restriction criteria on the contract, believing it was for 80% or below the St. Louis median income. When eligibility is not properly monitored and followed, the Agency risk having to repay funds not spent as specified in the contract.

Recommendations

It is recommended that the Agency improve internal controls ensuring staff members understand the income eligibility requirements for clients. This can be obtained by providing staff members with a chart or schedule of income requirements at the 20% restriction level.

Management's Response

We concur with the observation. We will train the Shelter staff in the income guidelines pursuant to our contract.